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**DATE: September 25, 2008**

**TO: Interested Parties**

**FROM: Diane Gray, Benefits Contracts Administrator**

**RE: REQUEST FOR INFORMATION**

In accordance with ARS 41-2555, the State Procurement Office is issuing the following Request For Information (RFI) on behalf of the Benefits Services Division of the Arizona Department of Administration, regarding a contemplated program change. Interested parties are invited to review the following RFI and respond. Any questions in this regard shall be directed to the Procurement Officer.

Responses to this RFI are due by 5:00 PM MST, October 9, 2008.

**RFI – Carve Out Benefits Program Design**

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**1. Overview**

The State of Arizona Department of Administration (ADOA) manages a self-funded medical plan with two program designs: an integrated or bundled program and a non-integrated or un-bundled program. Both program designs deliver services to the State members via two plan designs, Exclusive Provider Organization (EPO) and Preferred Provider Organization (PPO). The purpose of this Request for Information (RFI) is to determine the market interest in providing services based on a program design that includes integrated services for claims administration and network access, while incorporating an un-bundled approach for medical management and Pharmacy Benefit Management (PBM) services. This new program design will be referred to as “Carve-Out” throughout this document.

The Carve-Out medical management services will be provided by the State’s currently contracted Medical Management vendor, Strategic Health Development Corporation; and the PBM services will be provided to the awarded contractor of the PBM Request for Proposal (RFP) currently under evaluation.

The objective of the Carve-Out program is to continue to offer multiple network options while reducing the overall administrative complexity of the current program by consolidating multiple service contracts. The Benefit Options integrated and non-integrated program contracts are set to expire October 1, 2009. ADOA intends to release an RFP for the Carve-Out Claims Administration services and Network Access described in this RFI for award and implementation prior to October 1, 2009.

The medical plan had 128,288 average members (covered lives) for the 2006-2007 plan year, which is a combination of active and retiree subscribers (eligibles) and their dependents. The retirees and dependents are both Medicare and Non-Medicare eligible members.

The 2007 Benefit Options Annual Report shows the enrollment mix as well as the overall financial standing of the program. In addition, the Annual Report outlines the vendors currently contracted and services offered in both the integrated and non-integrated program designs. The Benefit Options Annual Report can be viewed at [www.benefitoptions.az.gov](http://www.benefitoptions.az.gov) under the News and Events section.

## **2. Carve-Out Program Design**

The following table outlines the services included in the new Carve-Out program and how those services will be structured.

<b>Claims Administration</b>	<b>Medical Management*</b>	<b>PBM*</b>
Claims Adjudication	Utilization Review	All retail and Mail Order Rx Claims Adjudication
Network Access	Utilization Management	Specialty Pharmacy
Eligibility File processing	Case Management	
Pre-Authorization File Processing	Disease Management	
Subrogation		
Overpayment Collection		
Appeals Processing (non-pre-authorized services)		

\*The current Medical Management contract and the PBM RFP can both be viewed at [www.spirit.az.gov](http://www.spirit.az.gov).

## **3. Carve-Out Program Description**

The following items outline the structure of the Carve-Out program:

- 3.1 The claims administration contractor will receive eligibility files from the ADOA and transmit eligibility files to the Medical Management and PBM vendors.
- 3.2 The claims administration contractor must agree to work with the ADOA's currently contracted vendors and any awarded vendor(s) in the future.
- 3.3 The claims administration contractor must agree to adhere to all provisions outlined in the Benefit Options Plan Descriptions (EPO and PPO). The Plan Descriptions can be viewed at [www.benefitoptions.az.gov](http://www.benefitoptions.az.gov).
- 3.4 The claims administration contractor's network of providers must provide services statewide as well as nationally. The network services may be provided by a combination of networks to service the entire membership throughout the State and nation.
- 3.5 The ADOA intends to offer multiple network choices.
- 3.6 The ADOA may award the Carve-Out program RFP to multiple claims administrators or only to one vendor.

3.7 In the best interest of the State, it has been determined to be a conflict of interest for the Carve-Out claims administration contractor to concurrently provide medical management or PBM services to the State for the term of the contract. The current Medical Management contract and the PBM RFP can both be viewed at [www.spirit.az.gov](http://www.spirit.az.gov).

**4. To indicate your interest in submitting an offer for the services described in this RFI in any future solicitation for these services, please reply to the State with the following information:**

4.1 Your Organization Name

4.2 Contact Information including Name, title, email address and phone number of contact person for questions related to this RFI.

4.3 Describe the network(s) you could offer to the State, including which areas they cover.

4.4 Include a short summary (500 words or less) that describes your experience with self-funded claims administration.

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Responses to this RFI shall be submitted, either electronically or in writing, to the Procurement Officer at the following:

Arizona Department of Administration  
State Procurement Office  
ATTN: Diane Gray, Benefits Contracts Administrator  
100 N. 15<sup>th</sup> Ave.  
Suite 104  
Phoenix, AZ 85007  
Phone: (602) 542-9140  
E-mail: [diane.gray@azdoa.gov](mailto:diane.gray@azdoa.gov)

In accordance with ARS 41-2555 and AAC R2-7-G301, all submissions shall generally be considered as public records. Any respondents who intend to submit confidential information, should contact the Procurement Officer to inquire as to the State's ability to maintain the confidentiality of their intended submission. Although it may be possible to keep certain information confidential for limited period of time following the completion of the RFI, the State does not warrant that it can keep any information as confidential.